Physicians' Online

M███████████

Handout

Christian Mayaud, MD
Chief Executive Officer

Steven Hochberg
Chief Operating Officer

CONFIDENTIAL

"The success of managed care will probably depend on the ability of these organizations to influence physicians' choices in the direction of increased value."

-- John K. Iglehart. Managed Care. *N Engl J Med* 1992; 327: 742.

Welcome to

Physicians' Online

**A Personal Online Medical
Information and Communications
Service for Member Physicians**

(ADVERTISEMENT HERE)
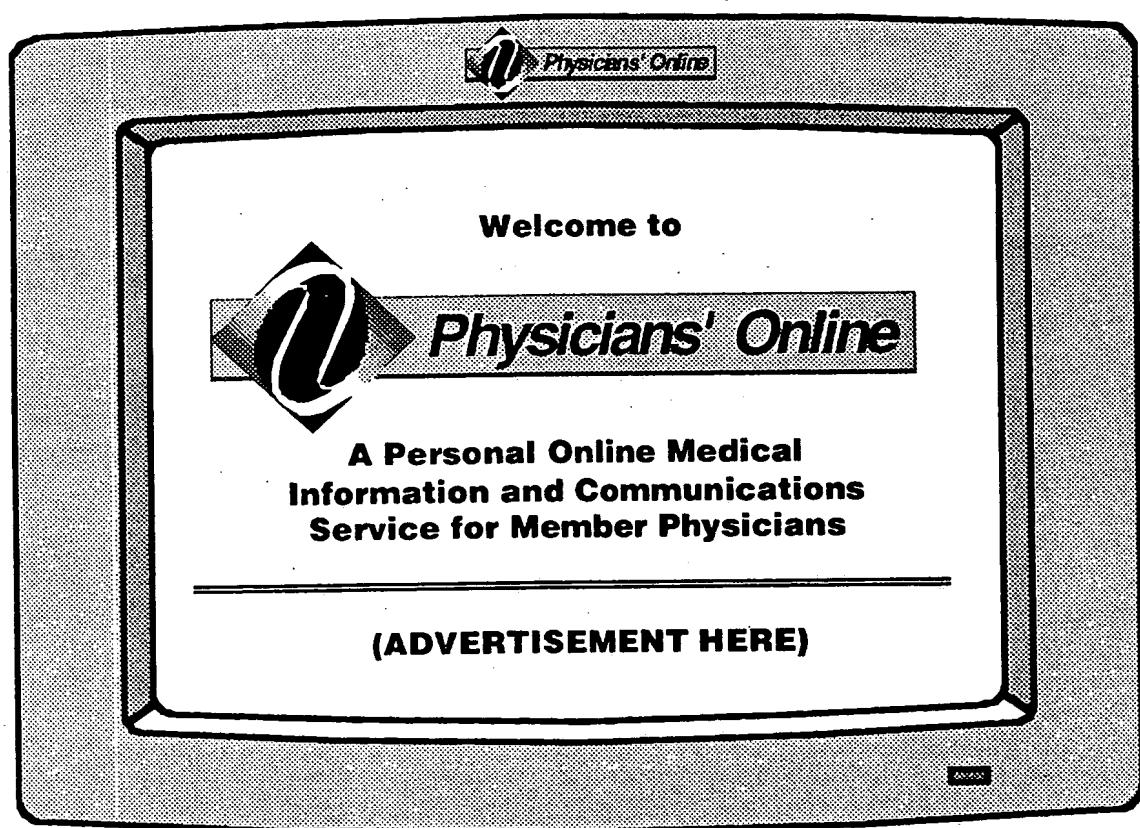
I - The Executive Summary

Physicians' Online is a personalized online medical information and communications service dedicated to empowering physicians with the tools essential to advance the quality and control the cost of health care through informed decision-making.

Physicians' Online ("Company") is an innovative new electronic medium designed to evolve into a comprehensive national medical information and communications network servicing the entire health care industry. The Company's online information products and communication services provide physicians with powerful tools to manage Medical Knowledge, Prescriptions, and Patients. *Physicians' Online* provides a distribution outlet for third-party produced information products and services. *Physicians' Online* also provides valuable proprietary information services to other industry participants including managed care organizations and the pharmaceutical industry.

Phase I - Medical Knowledge Management

Online medical information and communication services which are readily accessible and free of charge to member physicians through optional online advertising support. The Company has assembled the most powerful, yet user-friendly, collection of medical information tools available from leading third-party sources. The core information products target three key areas of identified information need, including medical literature (MEDLINE), medical diagnosis (QMR), and drug information (USP). *Physicians' Online* is being developed in cooperation with major medical societies, pharmaceutical manufacturers & marketing organizations, hospitals, managed care organizations, and leading technology & third-party content providers.

Implementation: 1993 through 1994

Phase II - Prescription Management

Online prescription fulfillment and cost containment programs made possible through the use of "Smart Electronic Prescription Pads" (PDAs). This network is being developed in cooperation with managed care organizations, hospitals, pharmacists, pharmaceutical distributors, leading technology providers, and other health-care participants.

Implementation: 1994 through 1996

Phase III - Patient Management

Online patient information for efficient retrieval and transaction processing resulting in enhanced clinical and administrative efficiency and cost-containment. This network is being developed in cooperation with corporate employee benefits programs, private health insurance carriers, out-patient laboratories, electronic claims processors, installment credit organizations, hospitals, and other health care participants.

Implementation: 1995 through 1997

The Company's competitive advantage is based on its ability to attract physician use. Founded by practicing physicians with extensive experience delivering practical information products to busy clinicians, the Company has developed a market-driven product strategy designed to win maximum professional acceptance and use. The Company is establishing critical strategic alliances with leading participants in every major health care market segment. The Company is currently working with several leading content and service providers to develop new products and services for this expanding multi-billion dollar market opportunity.

Physicians' Online: 5 Year Plan

To empower physicians with the tools essential to advance the quality and control the cost of health care through informed decision-making.

|	Phase I	Phase II	Phase III
Time Frame	0 - 2 yr	1 - 4 yr	3 - 5 yr
Essential Tools	Medical Knowledge Management	Prescription Management	Patient Management
Vehicle	Physicians' Online	Pharmacists' Online Pharm Reps' Online Formularies Online Managed Care Online	National Health Card Network
Potential Membership	500,000 physicians 10,000 pharmaceutical execs	300,000 physician offices 100,000 pharmacies 50,000 drug reps	250 million patients 10,000 hospitals other health care participants
Core Markets	MEDLINE Rx Micromarketing	Prescription Fulfillment Rx Cost-Containment	Patient Administration Cost-Containment Programs
Market Size	$50 million / $7 billion	>$70 billion	>$500 billion
Market Size/MD	$500 / $15,000	>$150,000	>$1,000,000
Secondary Markets	• Clinical Databases • Decision-Support Tools • News & Financial Services • Special Interest Forums • other areas of identified need	• Home Care • Managed Care • Formularies • Pharmacy Network • "Electronic Detailing" & Rep Support	• Electronic Patient Record • Outpatient Laboratory Transactions • Patient Health Maintenance
Main Revenue Sources	• Pharmaceutical Advertising • Pharmaceutical Micromarketing Information • Membership & Usage Fees	• Prescription Processing • Micromarketing Information • Membership & Usage Fees	• Patient Transaction Processing • Communication Services • Micromarketing Information • Membership & Usage Fees
Competitive Advantage	• "Medical Info Vending Machines" • Sophisticated MD Targeting ("Ad Wizard"/ "Smart Ads") • Installed Terminals, PDAs, & PCs • Computer-Sophisticated Members • Medical Society Support • Pharmaceutical Industry Support • Third-Party Office Systems Support • Pharmaceutical Executives' Online • User-Friendly Interface • Proprietary Text-Retrieval Software • Proprietary Psychometric Mktg Data	• "Smart Electronic Prescription Pads" (PDAs) • Installed Terminals, PDAs, & PCs • Automated Prescriber Assistance Programs • Proprietary managed care applications • National Electronic Formularies • Proprietary Prescriber Profiling • Patient Prescription Profiles • Proprietary Psychometric Marketing Data	• "National Health Card" • Installed-base of diverse POS/PON entry-points linking integral industry participants • Electronic Patient Transactions Network • Third-Party Office Systems Support • Hospital Systems Support • Cellular Communications link to Physicians
Strategic Alliances	• Medical & Professional Societies • Pharmaceutical Companies • Pharmaceutical Marketing Cos • Prescription Data Marketing Companies (IMS/ MMG/ PMS) • Third-party Content Providers (NLM/ Camdat/ USP) • Medical Office System Companies • Technology Providers (CompuServe/ Sybase/ Conquest/ Coconut/ Apple/ Sun/ HP/ Cube)	• Prescription Fulfillment Companies (Medco) • Pharmacies/Pharmacist Societies • Managed Care Organizations • HMOs/ PPOs/ IPAs • Hospital Chains • Hospital Formularies • Corp Employee Benefits Programs • Medical Office System Companies • Technology Providers (AT&T/ Apple/ EO/ Motorola/ HP)	• Corp Employee Benefits Programs • Private Health Insurance Carriers • BC/BS/Medicaid/ Medicare • Out-Patient Labs (MetPath/ BioScience/ SKF/ NHL) • Outpatient Testing Companies • Installment Credit Organizations • Electronic Claims Processing & Clearing Houses (NEIC/ EDS) • Medical Office & Hospital Systems Companies
Critical Technologies	• Systems Integration of existing hardware & software technology • Packet Data Network technology • Simple Text Retrieval Software • Third-party Content Development	• "Personal Digital Assistants" (PDAs) • Data network technology • Proprietary PDA applications development • Personal Info Management (PIM)	• Systems Integration • Proprietary patient administration & cost-containment applications development • Cellular data network technology
Infrastructure Milestones	• 150,000 physician members • 5,000 hospital members • 5,000 hospital-based terminals • 5,000 PDAs in Physician Offices • 150,000 additional POL software installations	• 300,000 physician members • 10,000 hospital members • 20,000 hospital-based terminals • 100,000 PDAs in Physician Offices • 10,000 mobile PDAs • 500,000 additional POL software installations	• 500,000 physician members • 10,000 hospital members 50,000 hospital-based terminals • 300,000 PDAs in Physician Offices • 400,000 mobile PDAs • 800,000 additional POL software installations
Infrastructure $	$10,000,000	$50,000,000	$250,000,000
Infrastuct$/ MD	$100	$200	$500

CONFIDENTIAL

Physicians' Online

A personalized online medical information & communications service dedicated to empowering physicians with the tools essential to advance the quality and control the cost of health care through informed decision-making.

## Physician as Knowledge Worker
Problem & Opportunity

Info — PHYSICIAN — Rx
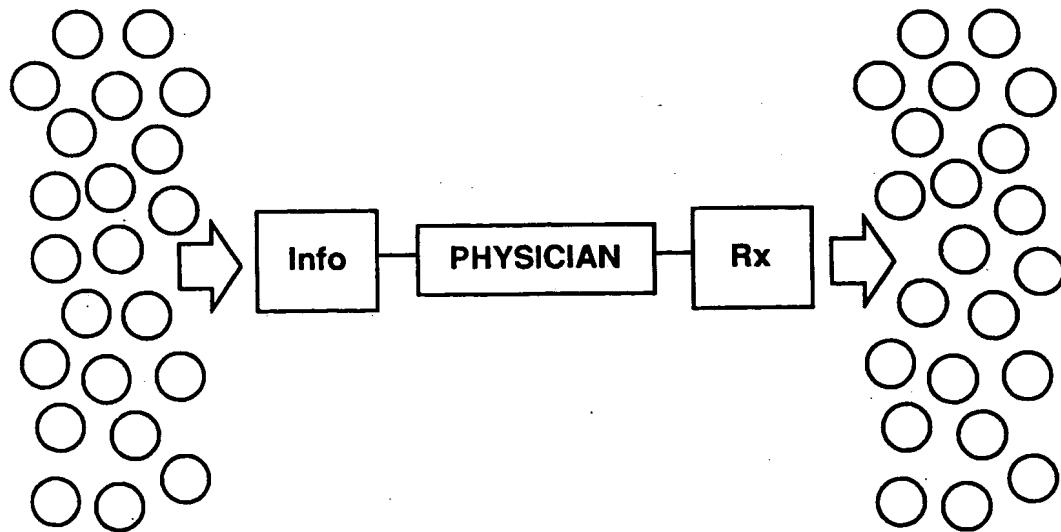

PCs in Health Care
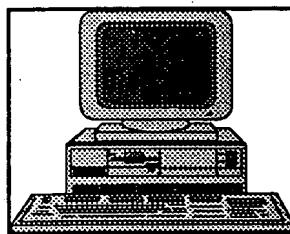
**Desk-bound
Document Processing**

Barriers to Physician Use

- **Price**
- **Access**
- **Ease of Use**
- **Awareness**
- **Time**

CONFIDENTIAL

Knowledge Processing

Medical Knowledge

Dx

Tx

1

Patient Record — S-O-A-P — Rx

3

2
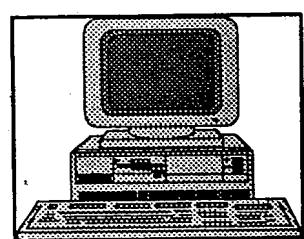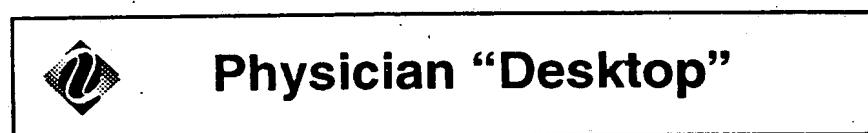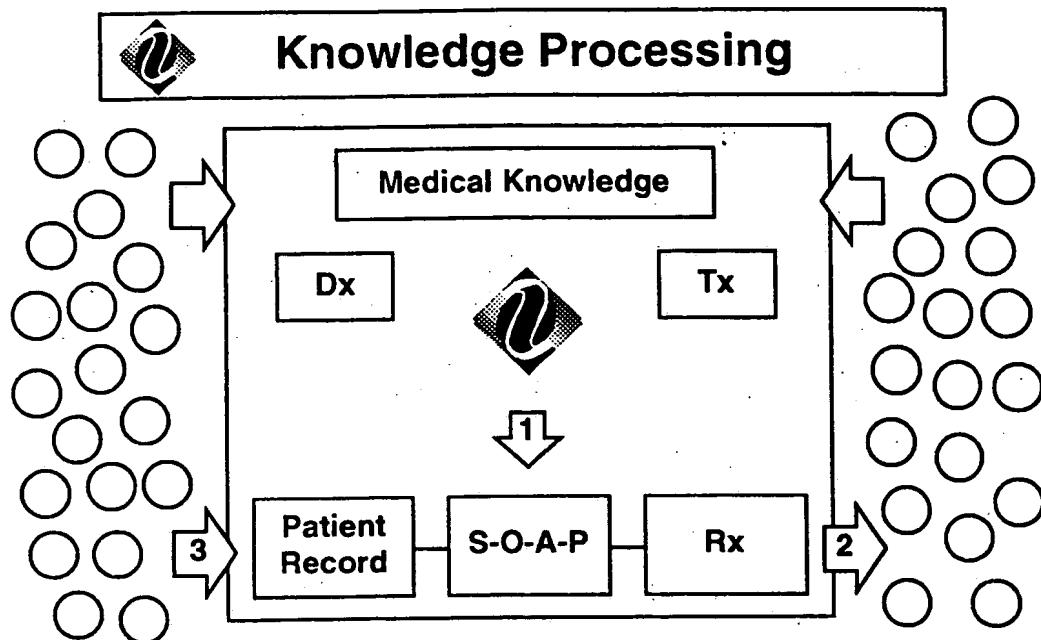
Physician "Desktop"

**Desk-bound
Document Processing**
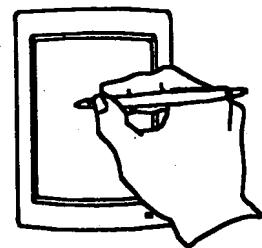
**Mobile
Knowledge Processing**

Physician Market Strategy

Phase I	Phase II	Phase III
Knowledge	Rx	Patient
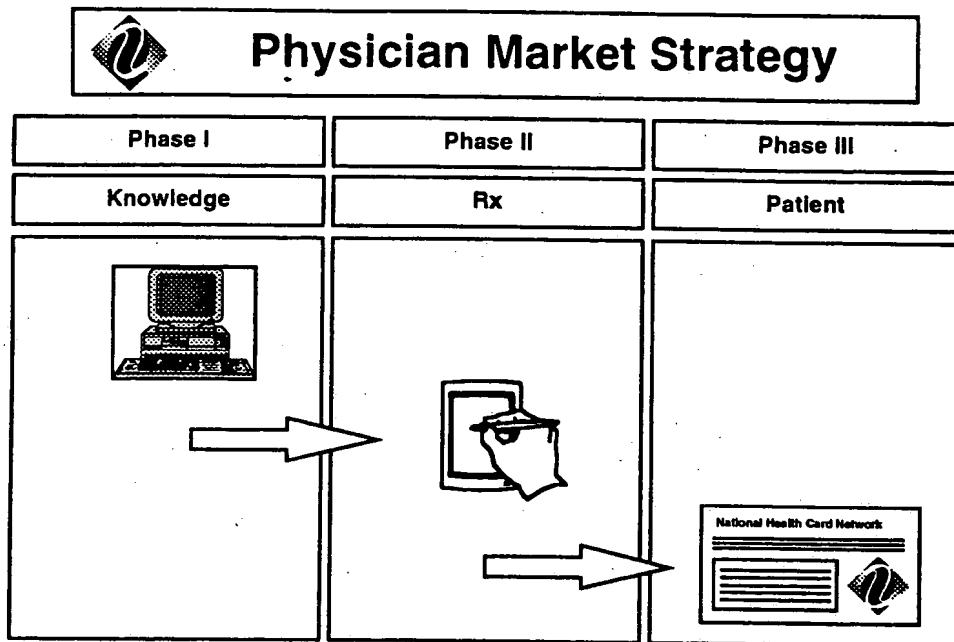
Strategic Alliances

- **Phase by Phase**
  - **Sector by Sector Cooperative Participation**

- **Cooperative vs Competitive**
  - **Market Growth vs Market Share**

- **Physician "Desktop" Control**
  - **First Mover Advantage**
  - **Physician Use: All or Nothing**

Welcome to

Physicians' Online

A Personal Online Medical
Information and Communications
Service for Member Physicians

(ADVERTISEMENT HERE)

Phase II:
Facilitating the Shift to Managed Fulfillment
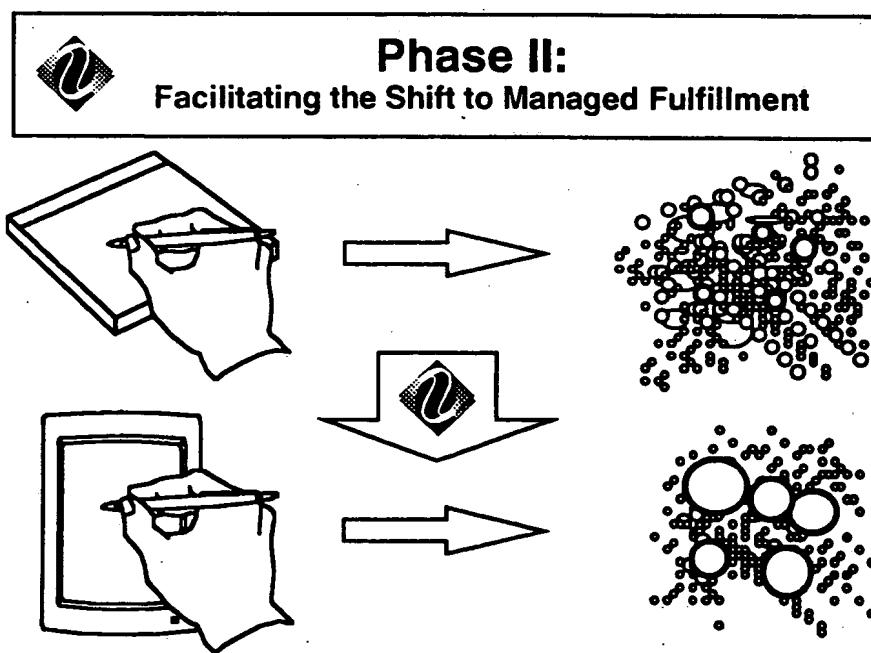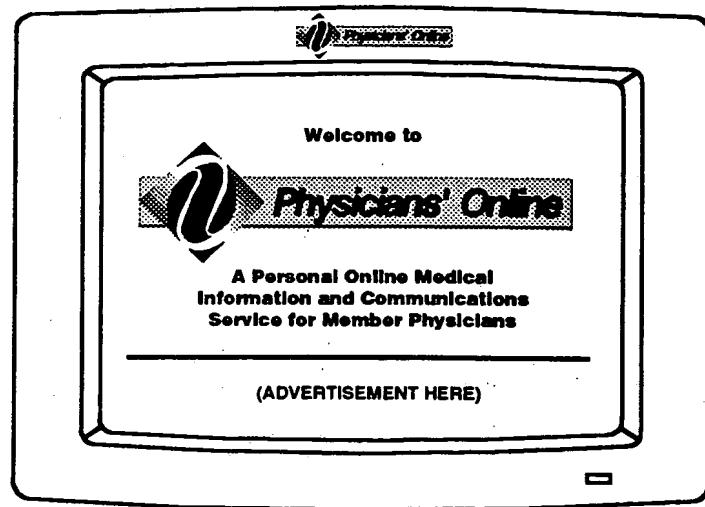
Keys to Success

- **Physician Membership & Use**
- **Market-driven not Technology-driven**
  - Systems Integrator of Existing & Leading Technology
  - "Physician-centric" Market Strategy
- **Integral Industry Participation**
- **"First-Mover" Advantage**
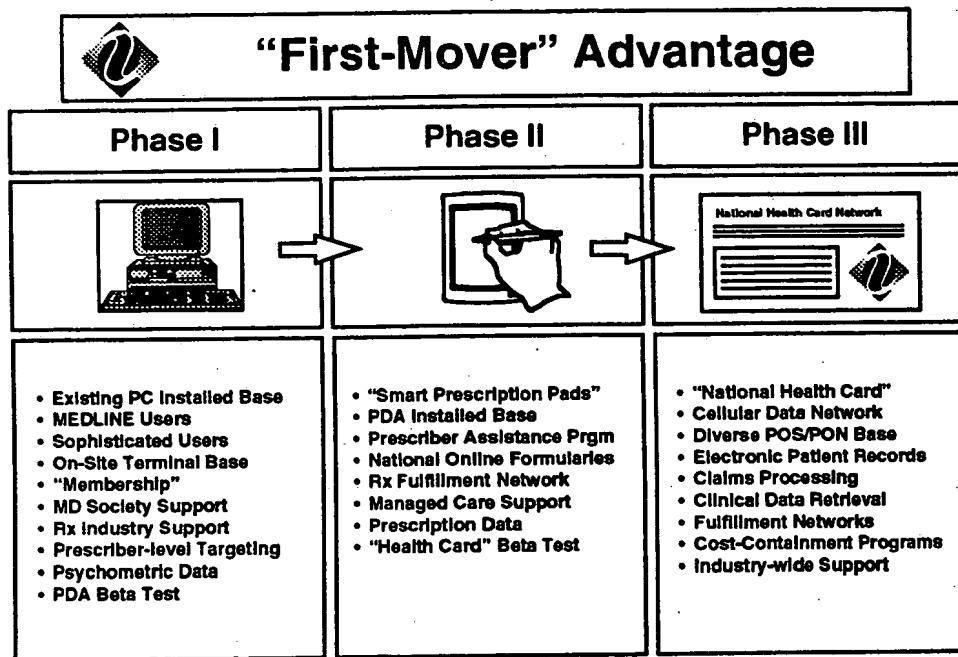
|	"First-Mover" Advantage	
Phase I	**Phase II**	**Phase III**
• Existing PC Installed Base • MEDLINE Users • Sophisticated Users • On-Site Terminal Base • "Membership" • MD Society Support • Rx Industry Support • Prescriber-level Targeting • Psychometric Data • PDA Beta Test	• "Smart Prescription Pads" • PDA Installed Base • Prescriber Assistance Prgm • National Online Formularies • Rx Fulfillment Network • Managed Care Support • Prescription Data • "Health Card" Beta Test	• "National Health Card" • Cellular Data Network • Diverse POS/PON Base • Electronic Patient Records • Claims Processing • Clinical Data Retrieval • Fulfillment Networks • Cost-Containment Programs • Industry-wide Support

Physicians' Online

A personalized online medical information &
communications service dedicated to empowering
physicians with the tools essential to advance the
quality and control the cost of health care through
informed decision-making.

Areas for Potential Collaboration

MEDCO:

"Smart Electronic Prescription Pads"

- Online Prescription Fulfillment
- Online Prescription Claims Processing
- Pharmacists' Online

Online Cost-Containment Programs

- Online Formularies
    - -- NATIONAL FORMULARY STANDARD
    - -- Formulary Management Programs

- Online "Prudent Prescriber" Programs
    - -- Personal Prescribing Profiles
    - -- Comparison with National Standards

MMG:

Physician Targeting

- "Smart" Ads / Ad Wizard
    - -- Prescriber Data Linkages
    - -- Context-Sensitive (Static / Dynamic)

- E-mail
- Single-Sponsor Services
- Special Programming

Proprietary Prescriber-level Data

- Psychometric
    - -- Interactive/Survey
    - -- Online Behavior Surveillance
        - Ad Interactions
        - Database Interations
        - Concept Indexing

- Prescription Data

Detailing Support

- Rx Sampling Fulfillment
- Pharm Reps' Online
- Company Forums

CONFIDENTIAL